

Minutes of the
Board of Water and Natural Resources
Telephone Conference Call Meeting
523 East Capitol
Pierre, South Dakota

February 8, 2008
11:00 a.m. CST

CALL TO ORDER: The meeting was called to order by Chairman Brad Johnson. A quorum of the board members participated.

BOARD MEMBERS: Brad Johnson, Kelly Wheeler, Don Bollweg, Gene Jones, Dale Kennedy, and Don Rounds.

BOARD MEMBER ABSENT: John Loucks.

OTHERS: Bruce Bonjour, Bond Counsel, Perkins Coie, Jessica Cameron, PFM, Harold Deering, Attorney General's Office, Dave Templeton, Jim Feeney, Elayne Lande, Dave Ruhnke, David Ryan, and Mike Perkovich, Department of Environment and Natural Resources.

APPROVE AGENDA: Chairman Johnson approved the agenda.

SERIES RESOLUTION AUTHORIZING STATE REVOLVING FUND REVENUE BONDS

SERIES 2008: Jim Feeney reported that the Conservancy District is proceeding with the issuance of \$40,000,000 of Series 2008 Bonds to fund the State Match and Leveraged Loan Accounts for the Clean Water and Drinking Water State Revolving Fund Programs.

The Series Resolution provides board approval of the Third Amended and Restated Master Trust Indenture, the Series 2008 Supplemental Indenture, the Bond Purchase Agreement, the Remarketing Agreement, the Standby Bond Purchase Agreement, and the Official Statement. The Series Resolution authorizes the chairman and/or secretary of the Board of Water and Natural Resources to file a Coverage Certificate for each program with the Trustee and to do all acts and to execute or accept all documents as may be necessary to carry out and comply with the provisions of the resolution and the documents approved by the resolution. The Series Resolution was prepared by SRF bond counsel, Bruce Bonjour.

Bruce Bonjour explained the documents and the Series Resolution.

Jessica Cameron discussed the methodology for calculating debt service on variable rate debt for the additional bonds test.

Motion by Kennedy, seconded by Wheeler, to adopt Resolution #2008-19. A roll call vote was taken, and the motion carried unanimously.

SIOUX FALLS FLOOD CONTROL SWRMS AMENDMENT: David Ryan reported that in 1989, the state legislature approved the placement of the Sioux Falls Flood Control project on the State Water Resources Management System. In 1992, the legislature authorized a state cost share commitment of \$4,550,000. To date the state has provided \$2,900,000 toward this cost share commitment.

In September 2003, the board placed the 2002 state legislative appropriation for project activities under agreement with the city of Sioux Falls. This agreement (Amendment #2 to the original agreement approved in 1999) was amended again in June 2006 and in March 2007, extending the grant termination date to June 30, 2008. Progress with the Corps of Engineers on identifying and approving specific project expenditures has been slow. SDCL 4-8-21 provides for the reversion of the unexpended special appropriations after six years, therefore the grant cannot be extended beyond its current termination date.

The department and city have discussed the possibility of allowing the state funds approved under this agreement to be advanced on a nonconcurrent basis and providing for the expenditure of state funding in advance of local Sioux Falls funding. Allowing the state to advance funds to this project on a nonconcurrent basis will allow for the expenditure of appropriated funds and will accelerate the nonfederal cost share authorized by the state.

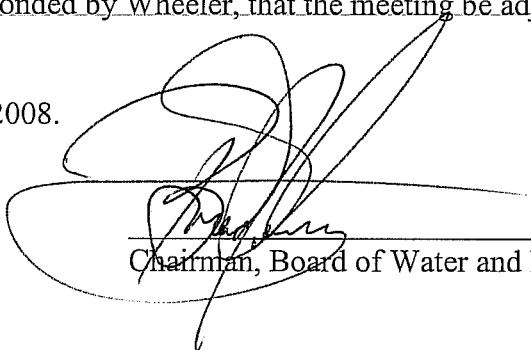
Staff recommended approval of a fifth amendment to the grant agreement removing the concurrent local cost share requirement from the grant agreement.

Motion by Rounds, seconded by Bollweg, to adopt Resolution #2008-20 approving the South Dakota Water and Environment Fund Fifth Amendment to the grant agreement between the state and the City of Sioux Falls removing the concurrent local cost share requirement from the grant agreement. A roll call vote was taken, and the motion carried unanimously.

ADJOURN: Motion by Jones, seconded by Wheeler, that the meeting be adjourned. Motion carried.

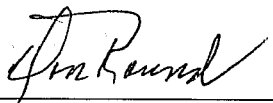
Approved this 27th day of March, 2008.

(SEAL)



Chairman, Board of Water and Natural Resources

ATTEST:



Secretary, Board of Water and Natural Resources